

# HOUSE BILL REPORT

## HB 3036

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**As Reported by House Committee On:**  
Judiciary

**Title:** An act relating to notices of dishonor.

**Brief Description:** Concerning notices of dishonor.

**Sponsors:** Representatives Lantz, Rodne and Campbell.

**Brief History:**

**Committee Activity:**

Judiciary: 1/30/06, 1/31/06 [DP].

**Brief Summary of Bill**

- Provides that a person is presumed to have received a notice of dishonored check three days after the notice is mailed, and modifies the statutory form for the notice of dishonor.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 10 members: Representatives Lantz, Chair; Flannigan, Vice Chair; Williams, Vice Chair; Priest, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Campbell, Kirby, Serben, Springer and Wood.

**Staff:** Trudes Tango (786-7384).

**Background:**

When a check is dishonored by nonacceptance or nonpayment and the check is assigned to a collection agency, the collection agency may collect a reasonable handling fee from the drawer of the check.

If the collection agency sends the drawer a notice of dishonor and the drawer fails to pay the check amount plus the reasonable handling fee within 33 days of the notice of dishonor, then the drawer also becomes liable for interest and a collection cost of either \$40 or the face amount of the check, whichever is less.

If court action is required to collect the debt, the court shall award reasonable attorneys' fees and three times the face amount of the check or \$300, whichever is less, as part of the damages payable to the collection agency.

The notice of dishonor must be in substantially the form provided in statute. The notice specifies all the costs and interest for which the drawer may be liable, including the court costs and reasonable attorneys' fees in the event a court action is taken.

Court rules provide that when service of process is by mail, service is considered complete on the third day following the day it was mailed, not counting Saturday, Sunday, and legal holidays.

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**Summary of Bill:**

The drawer is presumed to have received the notice of dishonor sent by a collection agency three days from the date the notice is mailed.

A statement is added to the notice of dishonor informing the drawer that the amount he or she may be liable for in the event of legal action is an advisory statement and should not be construed to mean that legal action is contemplated or intended.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Upon review of Washington's statutory notice of dishonor, there were issues raised that the notice could be more compliant with federal laws that govern collection agencies.

**Testimony Against:** None.

**Persons Testifying:** Judy Warnick and Kevin Underwood, Washington Collectors Association.

**Persons Signed In To Testify But Not Testifying:** None.